

# House of Commons Debates

FOURTH SESSION—SEVENTH PARLIAMENT

## SPEECH

OF

MR. D'ALTON MCCARTHY, M.P.

ON

## THE BUDGET

OTTAWA, WEDNESDAY, 11TH APRIL, 1894

MR. MCCARTHY. Mr. Speaker, in resuming the discussion on the question of the tariff, I propose in the first place to consider, but very briefly indeed, the financial position of the country. This is the proper occasion for this House to deal with the question of the finances of Canada, and while I do not at all despair of the future of our country, and while I do not at all desire to speak in any but the most hopeful strain of our possibilities; yet, Sir, I would but ill discharge the duty which I think I owe as a representative of the people if I did not raise my voice and draw attention to what I consider to be our somewhat unfortunate financial standing at this moment. We have, Sir, I think, reached a position where the tax production has perhaps come to an end. I think it will puzzle the Minister of Finance who has charge of our finances to devise any further scheme by which he can raise from the people of this country any further sum than has been extracted from them under the present existing tariff. I do not think I misinterpret the language of the Finance Minister—at all events, I express my own conviction—when I say that it appears to me that we are approaching an era of deficits. I shall be very much astonished indeed if the end of this financial year does not find the balance on the wrong side of the ledger, while for the year to come I do not think that matters are very much calculated to improve. Now, Sir, we have heard over and over again what

the total debt, known as the net debt, of this Dominion is, and every person who takes any interest in the position of this country is perfectly familiar with what our per capita debt is.

### THE DEBT OF CANADA.

It is undoubtedly an enormously large debt. It has increased in a ratio which, when we look back upon it, ought to be, and I think is, alarming to every well-wisher of his country. I do not desire at the moment at all to question whether the creation of that debt has been wise or foolish; I am dealing now simply with the hard facts of the case. Our debt at confederation was \$75,000,000; ten years afterwards it had increased \$33,000,000; at the end of the next decade that had swollen to \$227,000,000, and now, as we know, it has reached to nearly \$242,000,000. Our net taxes have increased from \$11,000,000 at the time of confederation, to \$17,000,000 at the expiration of the first ten years; that became \$27,000,000 in 1887, and it has reached the figure of \$29,000,000 odd in 1893. Our per capita debt has increased in the like ratio. But with these figures we are all familiar, and perhaps their full meaning does not strike us. I must confess that I am not able to realize the full meaning of the figures by simply stating that the net debt of Canada is so many hundred millions, or the per capita debt so much;

but I think I have been able in some measure to realize our position when I compare our debt, not merely with that of the great nation to the south of us, with which the comparison is so frequently made, but with the debt of the mother country, which we know is enormous—a debt incurred for carrying on wars which were probably necessary. When I compare the debt of Great Britain with the debt of Canada—and we have had no wars or anything to occasion an enormous increase in our public debt—I am astounded to find that the annual charge for the debt of Great Britain is only 31 per cent of its revenue, while the debt of Canada absorbs no less than 41 per cent of its revenue. Now, that is not an unfair comparison. It has been stated over and over again by hon. gentlemen on both sides of the House—Sir Alexander Galt long, long ago made the declaration—that the prosperity of Canada depended upon its being a country comparatively free from debt; yet we find that what are called our fixed charges, over which we have no control—irrespective of our subsidies to the provinces or the obligations we have undertaken with respect to our railways—consume \$41 out of every \$100 which the people of this country pay into the revenue, and in that I am not including the income derived from our post office service or other sources, for which compensation is given, but I am dealing simply with the income derived from our customs and excise taxation. Those fixed charges are, of course, made up, not only of interest on debt, but of that portion which we have to apply under our arrangement in connection with the sinking fund—\$41 in Canada, \$31 in Great Britain.

#### UNITED STATES DEBT.

When we look to the other side of the line, what do we find? We find that the debt there is practically wiped out. The debt of the United States is now only \$12 and a trifle per capita, and that debt does not require more of the revenue of the country than 7 per cent, while the debt of Canada requires 41 per cent. Now, Sir, in relation to that debt we have had very great advantages—advantages for which neither party have any particular right to claim credit. Our interest charges for 1868 were 4.51 per cent; in 1877 they had fallen to 3.47 per cent, and in 1892 to 2.88 per cent. So that there has been a reduction in the interest charges on our debt of about 38 per cent, and, notwithstanding that reduction, we have still to bear the enormous burden of setting aside 41 per cent of our revenue to provide for our public debt. Now, credit has been taken, no doubt by both parties when in office, for the reduction of the interest charges. But every fair-minded man will, I think, admit that no party can claim any great credit for that reduction. Interest has been going down the world over, and we have had the advantage of it; but it

has, I think, practically reached its lowest figure. Well, the hon. gentleman who opened this discussion has very fairly and very candidly told the House that it would need the exercise of the very greatest economy on the part of the Government to make both ends meet. Our public works, he says, are nearly all completed. But, Sir, there will always be more or less public works to be carried on in a country like this, and it will need the very greatest caution indeed, whoever is charged with the administration of our affairs, to see that our expenditure in connection with public works is not so large as to injure and endanger the financial stability of the country. I cannot help, therefore, in my opening observations drawing attention to this. It seems to me a matter of enormous consequence, that we should now realize, after all our expenditure, our present position. I doubt very much if this House or this country would have incurred the enormous debt which the building of the Canadian Pacific Railway involved, proud as we are of that great enterprise, if we had not been assured by the authorities that sufficient would be realized from the sale of our lands in the North-west to recoup the people of Canada for that expenditure. I doubt very much if it would have been wise in us to incur that expenditure if we had not also been promised, on a calculation deliberately made—accepted, at all events, on this side of the House as reliable—that our population in Manitoba and the North-west would before this period have reached the neighbourhood of 600,000 or 700,000. But we know now that, unless there is an increase of the population in that country in the near future, Canada has practically come to a standstill. Therefore it is that, in discharging what I believe to be my duty, and without any desire at all to depreciate our resources or to look at the blue side of things, I feel that we must now realize exactly what our financial standing is. But, Sir, the more important subject of discussion is of course the question of the tariff. The tariff amendments which, after a year's incubation, have at last been announced to the House and the country—which the Government frankly enough confessed that they were incompetent to devise until they had come in contact with each and every section and each and every interest in the country that was affected by the tariff—we have now before us, and we are called upon to approve or disapprove of them. Some criticism has been directed, in the course of the debate, to the gentlemen who have not agreed with the tariff changes, because they had not exactly specified in what respect they thought those changes were unwise. I think it was the hon. Minister of Marine and Fisheries who, in the course of his reply to my hon. friend from Prince Edward Island (Mr. Davies), said that really the wind had been taken out of the sails of those who were opposed to the tariff, by the salutary and satisfactory

amendments that had been made, and that there was nothing substantial to be said against them. Well, Sir, I believe that the changes in the tariff number more than 300; I have not calculated them myself, but I understand that to be the case, and with regard to each and every one of those changes, when the resolutions are in committee, an opportunity will, of course, be afforded of criticising them in detail. At present it seems to me impossible to do more than speak, as far as we can speak, of the scheme of those amendments, and to realize so far as we can what they mean, and in that way, to determine whether we approve or disapprove of them.

#### TARIFF STILL FOR MANUFACTURERS.

Now, Sir, what do these tariff amendments mean? If I have grasped their meaning at all, I would venture to say—and, in fact, it is not seriously questioned—that the tariff is still to be regarded as a tariff in the interest of the manufacturing classes. That is the key note of the changes which have been made—that the tariff is still a protective tariff, and that those changes are in the interest, not of the great consuming masses, but of those who are recognized as the protected classes. Now, I desire to be very accurate in this statement, and, in order to show that I do not misinterpret the hon. gentleman who proposed the resolution with reference to these changes, I will read what he says on that subject:—

The prime object in view has been to cheapen the cost of manufactures in this country, to cheapen the cost at which the goods issue from the factory itself.

Two ways have been adopted for cheapening the cost of goods, one by lowering the duty upon raw material, and the other by transferring raw materials from the dutiable to the free list. It has been found in the course of the work that we had pretty well exploited that division of the subject already, and that in this country almost all the great staples for manufacturing were already on the free list, in contradistinction to our neighbours to the south, where they are to-day fighting over the vexed question as to whether or not wool, a great staple for a large industry, in that country and an article of enormous consumption, shall bear a tax of 11 or 12 cents per pound or be placed on the free list.

#### Again he says:

The duties which have been placed on different articles have been regulated according to the vigour and development of the industry itself, according to the condition of the competition outside, according to the advantages that home production has, for various reasons, in our home market, and by reason of the methods of business in some cases as well.

It is impossible to read this language, coming from the financial authority of the Government, and to question at all that the changes have been made, deliberately and designedly made,—I will deal afterwards with whether

it is the wisest amendment or not—in the interests of the manufacturing classes, and that the tariff may be well called a manufacturers' tariff, whether the Government is to be designated as a manufacturers' Government or not.

#### TARIFF FOR PROTECTION ADOPTED.

And on the question of protection, the hon. the Finance Minister is equally explicit. He defines, in his own way, the different methods by which a tariff can be raised and the objects of a tariff. There is, first, what he calls a purely revenue tariff. Secondly, the tariff for revenue, which affords incidental protection. And thirdly, the tariff for protection, which gives an incidental revenue. And again the Government deliberately adopted the latter of the three as the tariff which they think is best in the interests of this country. Having, therefore, justified, so far as I have gone, the statement that this tariff is a tariff from the manufacturers' point of view and in the interest of manufacturers, and not in the interest of the remaining portion of the community—be they more or be they less than the manufacturing classes—I think I may also add that the tariff has, in some respects, been amended and amended, I am bound to say, in the interests of the community at large. To a very large extent, though not altogether, the plan of specific duties has been got rid of. These duties still remain here and there. They remain where they ought to be abolished, I think, but in a number of cases the tariff has been amended by abolishing specific and substituting therefor ad valorem duties. Now, the ad valorem duty has this advantage, that we know, and the country will be able at once to know, what the tax is. A specific duty, as we have found from practical experience, years after the duty had been imposed, sometimes is a burden running up beyond a hundred per cent. I do not think the House ever realized—certainly, speaking for myself, I never realized—that we were at any time imposing a duty of anything like the figure which I have mentioned. We know, therefore, when we have an ad valorem duty of 25, or 30, or 35 per cent what that tariff is. The country will be able to appreciate it; there will be no means of hoodwinking the people as to the burden they are called upon to bear, and as to the incidence of that burden.

#### TARIFF FROM 30 TO 35 PER CENT.

Speaking of the tariff as a whole, I think I may characterize it as an ad valorem tariff of from 30 to 35 per cent. There are duties of less than that, indeed there may occasionally be duties of more, and the bulk of them may perhaps be more properly spoken of as duties of 30 per cent. But I think I am not stating it unfairly—and I have no desire to state it unfairly—when I say that

the tariff may be characterized as one of from 30 to 35 per cent. Now, Sir, the tariff has also some other characteristics. It certainly does not discriminate in favour of Great Britain. We on this side of the House have been in the habit of boasting of our desire—and we boasted of it particularly in 1876, and up to 1879—to increase our trade with the mother country, and our desire to adjust our tariff so that we should not, at all events, discriminate in favour of the United States. But, Sir, we know from last year's discussion that when that question was brought prominently—as I venture to bring it prominently—to the attention of the House, the Ministerial spokesman justified the discrimination against Great Britain which he could not deny, by saying that it was necessary to impose the duties which were imposed upon imports from Britain in order to raise a revenue, and because the imports from Britain consisted very largely of luxuries and of articles which were used by the rich and which, therefore, formed more proper subjects of taxation. Now, I will specially draw the attention of the House to a subject which has already been referred to, the discrimination in reference to the importation of tea. We have been importing tea from another country to the extent of 7,000,000 pounds out of the 17,000,000 or 18,000,000 of pounds which we have been importing altogether.

#### ENGLISH TRADE TO BE INJURED.

By this tariff that trade is to be destroyed so far as Great Britain is concerned—the trade is to be forced into another channel, or, if it continues in its present course, it is to bear a tax of 10 per cent. We are always complaining that the embargo on our cattle is not taken off; we are always agitating and corresponding and demanding to know why it is that the British Government have scheduled our cattle. We feel that there is no justification for it. But, Sir, at the moment when we are pressing England to remove that embargo and to give to our exporters of cattle the enormous benefit to be gained through that removal, we are proposing a tariff which is to cut off a portion of the trade which has existed between us and the mother country. And, Sir, on the other hand, the tariff does not favour any idea of reciprocity with the United States. The United States has not offered us much, it is true; they have not proposed a great deal in the Wilson Bill or in the Bill which is now before the Senate. But, whatever proposition has been made, we put a counter proposition which does not meet it and which prevents the possibility of any reciprocal relation between us and the other side.

#### UNITED STATES OFFER AS TO AGRICULTURAL IMPLEMENTS.

They offered us free trade in agricultural implements. That would be a great boon

to the people of this country, and particularly those of the North-west. At first, in the Wilson Bill, agricultural implements were put on the free list. In the Senate—we do not know how it will emerge from the conference of the two Houses—at the instance of the agricultural implement manufacturers, it was declared that so far as Canada is concerned (for that is practically what it means) if there is to be free trade, there must be free trade either way; that is reciprocity. We answer with a 20 per cent tariff. They proposed to put wheat and flour on the free list. We answer that by leaving our tariff on these articles as it was, but we suggest that we are willing to exchange barley for corn. I am not at this moment doing more than just pointing out what I venture to think are the characteristics of the tariff. Summarizing them briefly, am I wrong in saying that, in the first place, it is a manufacturers' tariff; in the second place, it is a highly protective tariff; in the third place, it is as far as it goes a discriminating tariff against the mother country, and, in the fourth place, it holds out no hope of enlarged trade between us and the United States. These, I think, may be said to be the characteristics of the tariff. But the great question after all, Sir, is whether the foundation principle upon which this tariff is built, namely, protection, or what is called the National Policy, is to be perpetuated, or is to be changed. Now, Sir, I think we have heard the last word on the subject of the tariff from the present occupants of the Treasury benches. That we have not heard the last word from the country goes, I think, without saying. It is unfortunate, very unfortunate I think, that this question of the changes of the tariff could not have been postponed until after the next election when it would have been known what the people had determined to do. Every one will admit that nothing can be worse for business and industry than the constant changing of and tinkering with our tariff, our fiscal policy. It is inevitable now, however. But we know that, after a year's deliberation, after every care has been taken by the Ministry to ascertain the feelings of their supporters and what the country are prepared to accept, we have this tariff which I think we may know and realize as the last word from the Ministry and from the gentlemen who endorse them. Now, I desire to say that, so far as that matter is concerned, I take issue with the Government on this question of the tariff and upon the policy that underlies the changes that have been proposed. We have had fifteen years' experience of the protective policy. We have had the benefit of the knowledge of the condition of affairs which the census has given us, and we ought now to be prepared, if we are ever to be prepared, to determine whether this scheme of protection for Canada is in the best interests of the country or whether the policy of free trade—or freer trade to

say at least of it—would not be wiser in the interests of this Dominion. And, as there is no mistake about the Government's position and policy—for the Finance Minister himself speaks of it in these words :

"That, so far as this Government is concerned, its policy is historical, it is definite, it is undoubted. So, I think, Sir it is well that there should be no mistake as to the view which those who are opposed to this policy take ; so that the people of the country, who are now alive to the great importance of the fiscal problem and have taken an enormous interest in the question during the last few months, when the proper time comes—as come it must before many months longer—may be prepared to say which is the policy that they prefer to accept.

#### PROTECTION INCREASES PRICES.

There is one thing that all this discussion has evolved. We have now a frank admission, not from all the hon. gentlemen who spoke, it is true, but we have a frank admission from the financial authority of the Government that a protective policy, at all events, in its first stages, enhances and increases prices ; and there is nowhere—and I have read the speech over and over again with the greatest possible care—any statement made by the hon. Minister of Finance that within the fifteen years past prices have come down. There is a guarded expression that prices tend to decrease, that that has been the experience of other countries ; but the hon. the Finance Minister has not ventured to say, and I think the hon. gentleman could not honestly have said, that that has been our experience since the introduction of the National Policy in 1879. I do not mean to say that the prices are not less now than they were in 1878, that is not the question ; what I mean to say is that with regard to the fall of prices all the world over—that is what we have to look at—prices have not come down under the system which has prevailed for the last fifteen years. Now, if prices have not come down, what advantages have accrued to this country from the adoption of this National Policy ? We are told there has been a buoyant revenue ; not that the Finance Minister puts that down in terms to the fiscal policy that has prevailed, but inferentially he places to the credit of this policy that there has been a buoyant revenue. Undoubtedly the people have paid large sums in taxes from year to year, and the taxes have been steadily increasing. Up to this time the people have been able to pay, and I only trust that my prediction, uttered in the earlier part of my observations, may not be true, and that the time has not arrived when the people will cease to be able to pay. But, Sir, is that a reason of the National Policy ?

#### PROSPEROUS ENGLAND.

Why, how has it been elsewhere ? I have been astonished to read in the Government organs from time to time, I have been as-

tonished to hear statements made, as to the decadence of England under free trade. It has become a popular argument on the Conservative side in politics, so strong is their desire to uphold the policy, to represent the old mother land itself as unwise in adhering to free trade and as actually in a state of decadence. Now, if that be so it is a serious reason for us to pause before we make the change from the present 30 or 35 per cent system to a freer trade system. But what are the facts in regard to that ? Why, Sir, from 1879 to 1893, the debt of Great Britain decreased no less than 13 per cent, decreased from seven hundred and forty-four million—I will not trouble the House with the odd figures—to six hundred and sixty-eight millions. During the same period the debt of Canada increased 69 per cent. But that, after all, one may say, was a matter of administration. Let me take something that is more definite and certain. In the 'Financial Abstract,' which is furnished yearly by the English officials, we have very good means of determining how England prospers or how England goes back, because her statistics are more accurate, perhaps, than those of any other country. Let us take the return with reference to the income tax between the years 1881 and 1891, or 1892, and I take 1892 because it is the last year for which they have returns. I find there has been an increase during that period, of property upon which the income tax is paid, of from five hundred and four millions to five hundred and ninety-seven millions, or 18 per cent. So this country that is going to the dogs under free trade, with all the adverse conditions, and they have not been few, or have not been matters of small moment—with all the adverse conditions that have existed during that period, we find there has been an increase in the property upon which the income tax is assessed, of 18 per cent. Well, Sir, what am I to compare with that ? What matter is there here which offers a fair subject of comparison ? I know of no other except the returns we have with reference to the condition of the farmers in the province of Ontario. Since 1882, that is for the same period of 10 years, we have had a Bureau of Industries in Ontario furnishing returns of the value of the farms, of farm buildings, of farm implements, and those things which go to make up the wealth of the farmer. What is the result ? Now, I do not think it will be disputed that among the wealthiest people of the Dominion, are the farmers of Ontario. They are those, we are told, who have prospered most ; certain their average condition is as good as that of any other class of the community. Well, we find from 1882 to 1892 their increase, according to these returns, is only 11 per cent. So, while the English free traders have been getting poor to the tune of 18 per cent during those ten years, the Canadian protectionists have been getting rich to the extent of 11 per cent. That is the result on this basis. Now, let me take our trade as to which the

Finance Minister has incidentally taken credit for the National Policy. I am glad to see that comparing the five years before the change of policy, from 1876 to 1880, with the last five years—and I do not think any person will doubt the fairness of that comparison—there has been an increase in Canadian domestic trade alone of \$23,549,015, or 33 per cent. It would be most extraordinary if there was not an increase. Why, Sir, during that period the whole North-west has been added, over a million acres of land in Manitoba have been cultivated during that time; and it would have been a most extraordinary result, a most curious ending, if our trade had not increased. But I am glad to say it has increased to that extent, and taking the average for the five years I have mentioned, it was \$69,692,000. It has swollen in our best years—because the two last years have been our best years—to \$93,000,000, or an increase of 33 per cent. But how much of that goes to the credit of the National Policy, how much goes to the credit of the present fiscal system? I have analysed it, and let us see what it is. In the produce of the forest, including lumber—which is curiously enough, in our statistical book, classed under the head of manufactures, in one sense, perhaps, correctly enough—there has been an average increase of nearly six millions.

#### PROTECTION INJURES LUMBERING.

Will any hon. gentleman on this side of the House pretend to say that the lumber industry has received any benefit from the protective system? Do not we all know that it has injured, and certainly has not promoted the industry with which I am dealing; and yet the increase in that is nearly \$6,000,000. Our fisheries have increased by \$2,413,000, that being the average increase. The average increase in animals and their products and in agricultural products has gone up nearly \$10,000,000, from \$33,844,000 to \$43,690,000. I shall have occasion, before I have done, to deal with the question whether the agriculture of the country can be said to be prospering, and whether agricultural interests have been assisted by the protective policy; in the meantime I pass it by, and I come to our manufacturing exports.

#### EXPORT OF MANUFACTURES.

If the hon. the Finance Minister had been able to point to an enormous increase in manufactured goods, there would have been some result from this National Policy; but of the total of \$23,549,000, deducting household effects, which I do not suppose hon. gentlemen want to claim credit for as being due to the National Policy, the average increase in manufacturing exports is less than one and a half million dollars—to be exact, \$1,446,000. That is the result

so far as the manufacturing industry of the country has gone. What has been the trade of Great Britain during this period? How has her trade progressed? We know perfectly well; we have heard it in speech after speech that every effort has been made to close the ports of almost every country against the manufactured goods of Great Britain. The United States has raised a tariff which one would have thought was almost prohibitory, and yet we are astonished to find that England's largest exports are to the United States. Germany, France, Russia and Canada have been raising their tariffs and endeavouring to keep out British goods. With what result? With the result that, notwithstanding all I have said, the increase during this period has been an increase of 12 per cent. It has not been a retrogression, it has not been an enormous increase, but taking into account the diminution in values—because I am speaking in money—the increase is substantial. It is an increase in manufactured goods of 12 per cent as compared with the paltry million and a half by which Canada has been increasing her exports.

#### UNITED STATES MANUFACTURES.

But if this policy is good and is wise, surely there is no country where we can see its beneficial results so clearly demonstrated as in the United States. With their enormous natural resources, with practically free trade through the greatest half of the continent, with their enormous population, if the United States are able to show a large increase in their output of manufactured goods as compared with the mother country, there would be some ground, as I have said, and as I repeat, to pause in our determination with respect to any change in this tariff. But what is the result? I suppose of all the articles that are manufactured, the United States have greater advantages in cotton goods than in almost anything else. The raw material is produced in their own country, the carriage is saved; they have their own home market; and, looking at the exports of cotton goods, everybody must admit that there has been time enough to develop that industry in the United States. Looking at the exports, what do I find? I find that the exports of cotton goods from Great Britain is in the ratio, stating it in millions, of \$297,000,000, taking an average of the last five years, as compared with \$12,000,000 from the United States. In cotton goods you cannot speak of it as a ratio; there were \$98,000,000 from Great Britain—I am speaking in dollars—and not one million from the United States. On metals, machinery and telegraph wire, the exports were of the value of \$215,000,000 from Great Britain and \$22,000,000 from the United States. Taking the aggregate of the trade, the figures are as follows: In exports of cotton goods, Great Britain, as

compared with the United States, stands as 97 is to 3; of woollen goods, as 99·6 to 0·4; of metals, as 91 is to 9. Those are the results of protection in the United States, and hon. members at the same time see the results of free trade in Great Britain. But if there is anything at all in which the United States ought to have been able to compete with Great Britain, it is in the iron industry. It is a fact most hon. members know that in recent years the United States has overtaken Great Britain in the iron industry. Her manufacture of iron was larger. Now, if the manufacture was greater in the United States than in Great Britain there can be no ground, pretense or reason for the goods of the United States being dearer than those of Great Britain. The figures are as follows: In 1893 the production of iron in Great Britain was 6,829,841 tons, in the United States 7,124,502 tons, and it had been much larger. It was 9,000,000 in 1892; 8,000,000 in 1891; 9,000,000 in 1890. As I said before, if this policy is what is claimed for it, if the policy of protection, while at first it enhances prices and cost in the end tends downwards, that end ought surely to have been reached in the United States before this time.

#### STEEL RAILS.

But taking an article in which the United States deals very largely, steel rails, let me give the House the different prices, and when the House remembers the output is larger in the United States than in Great Britain, to what can the difference in cost be attributed? The price of steel rails in Great Britain last year and this year is \$19·86 a ton; the price of steel rails in the United States up to quite a recent period, though I think it is less now, but I give the last quotation in 1893, was \$28·12, or \$8·26 per ton more than in the mother country.

Mr. WHITE (Cardwell). What is the price to-day?

Mr. MCCARTHY. To-day I think the price is \$24.

Mr. WHITE (Cardwell). It is \$20.

Mr. MCCARTHY. I have not seen any quotation at that figure. The last quotation I have seen is \$24, and that figure was given in a statement made by Mr. Johnson in Congress. I read from an official return, prepared by the journal 'Iron and Steel.' Let us take these figures and compare them. Let us look at the prices of steel rails, and for comparison calculate the additional cost to the people of that country in this item alone. Steel rails have varied in price as follows: In 1883, they were \$37·75 a ton; in 1884, \$30 a ton; in 1885, \$28 a ton; in 1886, \$34 a ton; in 1887, \$37 a ton; in 1888, \$29 a ton; in 1889, \$29 a ton; in 1890, \$31 a ton; in 1891, \$29·92 a ton; in 1892, \$30 a ton, and in 1893, \$28·12 a ton; always some \$7 or

\$8 or \$9, and sometimes more, than the price of the same article in England. Now, Sir, after all the great question is: Is the price enhanced or is it not? It boots not to tell us that our trade is buoyant; it does not satisfy a practical man to be told that the deposits in the savings and other banks have increased; it does not answer any argument to be told that our trade is growing when we realize that the growth of that trade is not due in any sense or shape or form to the National Policy. And, if none of these benefits flow, if nothing of this kind is to be put down to the credit side of this particular fiscal policy, what are we to say with regard to the cost? The hon. Minister of Railways and Canals has made no bones about it, for he told us that goods were not only better but that they were cheaper in Canada. He is more cautious, and if he will pardon me for saying so, his colleagues who knew more about what he was talking about did not venture to say that at all. The hon. Minister of Finance said that the tendency was towards a decrease in price, but nowhere in his speech will it be found that he pretended to say that prices had decreased. That, Sir, is a simple question of fact, and I suppose that we will all have to settle it for ourselves, and the electors of this country will have to settle it for themselves.

#### PRICES OF GOODS TOO HIGH.

Speaking for myself, and from all the information I have been able to get, I venture the assertion here upon the floor of Parliament, that prices have not decreased. I venture the assertion on the floor of Parliament: that substantially and practically the prices of the goods which are manufactured in Canada are as high as the tariff will permit them to be. I venture the assertion: that there is no reason for keeping up the tariff unless for that object, because if those goods are better and cheaper in Canada than we can import them, the Canadian people are not fools enough to buy the imported article and to leave the home article on the shelves and counters unpurchased. Therefore, it is almost unnecessary, it seems to me, to discuss with any degree of seriousness this question, or this supposed question, of the price of goods. Let me, however, use such information as is open to me. We have had these changes proposed, and no one will pretend that they have been of a very radical description. No one will pretend that these changes are such as ought to have alarmed the manufacturers of this country, when it is remembered that, with the exception of agricultural implement makers, the tariff is still 30 or 35 per cent. But let us see what the manufacturers say. They have been interviewed by the press, and their statements have been published. I have no doubt that if the Minister of Finance would tell us what statements have

been made to him in secret we would have a very full and complete view of the manufacturers with regard to it; but judging just from what has been made public, let us see what they do say.

#### MANUFACTURERS' VIEWS.

I will take two or three of them, and if the House will pardon me, I will trouble hon. gentlemen with an extract from their statements. Mr. George Brush, proprietor of the Eagle Foundry, declared:

That the revision was an abomination, and that it was not a reduction but an increase in the wrong direction. He considered the raising of the tariff on boiler tubes of wrought-iron or steel an iniquitous proceeding. These tubes are the most important part in the construction of a boiler, and are not made in this country at all. The result will be to throw the entire trade into the hands of American manufacturers, who already have sufficient opportunity to compete. Mr. John A. Pillow, of the Pillow-Hersey Company, manufacturers of bolts, nuts, bar iron, drawn wire, &c., says: "The change in the iron duties will have a bad effect, because Canadian manufacturers will be compelled to compete with the extraordinarily low prices prevailing in the United States at present. Cut nails and railway spikes would be the principal articles affected. Prices will have to be reduced, but to what extent he was not prepared to say, because he had not sufficient time to study the changes in detail. The change of duty will probably result in the manufacturers being compelled to use puddled bars instead of scrap iron."

They say that prices will have to be reduced. Then, Sir, it is because the tariff has been reduced, and it is to the extent the tariff has been reduced, says this gentleman, will prices have to be reduced. Mr. McBride, the manager of the Massey-Harris agricultural implement makers, said:

We expected a reduction both of the duties on implements and the materials entering into their manufacture, especially pig iron and steel. Pig iron is still left at the old rate of \$4 per ton. This means that there cannot be any reduction in cost so far as gray iron and malleable iron castings enter into manufacture. As for bar iron, we notice there has been a reduction of \$3 per ton, but comparatively little bar iron is used in the manufacture of our goods. The reduction on steel is confined to sheets thinner than 17-wire gauge. This will not make any difference in the manufacture of implements, as such material is not used. The new tariff, as outlined, will assist in finding a market for American manufacturers, but so far as can be seen at present, it will not assist Canadian manufacturers to reduce the cost of manufacturing to any appreciable extent.

Will the reduction actually lessen the cost of farming implements in Manitoba and the Territories?

That remains to be seen. Unless there are reductions in raw materials other than those outlined, I do not see any possibility of reduction in prices, as our prices are now fully 35 per cent lower than Americans charge for their implements in this

country. It has been the policy of the Massey-Harris Company to reduce their prices year after year in proportion to their savings in the purchase of large quantities of raw materials, &c. We were in hopes that when the tariff was tampered with such reductions would be made on raw material as to enable us to reduce our price, and thereby give the general farming community the benefit.

Now, Sir, we have the cotton manufacturers, and Mr. A. F. Gault, the president of the Dominion Cotton Mills, says:

He was disappointed at the action of the Government in regard to gray and white cottons. The new duties were down to within 5 per cent of the Cartwright tariff. On the whole, he thought that Mr. Foster had taken great pains and made a fair tariff, which would satisfy the country. Cotton manufacturers would do their best and try to pull through without shutting down their mills. "Low-priced woollens are largely imported from England," said Mr. Gault, "and our woollen mills will have to close up or go into the manufacture of finer grades. The change in the duty on undyed material will benefit a Toronto firm which has gone into that business."

The cotton manufacturers will do their best, said Mr. Gault. Poor fellows! That would rather seem to say that the cotton manufacturers will have to reduce prices on account of the tariff, and if I prove that they have to reduce prices on account of the tariff I think I establish pretty fairly that their prices are up as far as the tariff will permit. Then, with reference to the sugar industry, the refiners say:

Sugar refiners say that they have got decidedly the worst of the tariff changes, although they never took from the consumer the full amount of the duty. The average net price of extra granulated for 1892 in the United States was \$4.48 per 100 lbs., and in Canada was \$4.29; for 1893, it was in the United States \$4.98, and in Canada \$4.93. The result of decreasing the duty from 80 cents to 64 cents will be the importation of German and other European bounty-fed sugars to compete with Canadian refined. Raising the colour standard from 14 to 16 will lead to the introduction of another class of cheap raw sugars, which will also displace some of the Canadian product. The competition between Canadian refiners is keen enough already, and these tariff changes will intensify it for the benefit of the consumer. On the other hand the heavy duty on the machinery required for refining, all of which has to be imported, remains unchanged. The refiners are, therefore, hit all round. They say that the changes must lead to further economy, cutting down of expenses and possibly reducing of wages. Neither the St. Lawrence nor the Canada Sugar Refining Companies has made any change in quotations.

Mr. MacMaster, speaking of wages, said:

There might be a reduction owing to the tariff changes.

Mr. G. J. Crowdy, of the firm of James Hutton & Co., hardware agents, said:

The duties on the high grades of steel appear to have been left unchanged. The principal charge

is on the low grades. The change from specific to ad valorem duties will benefit the importer and consequently the consumer. It will enable the English steel to compete again.

I need not trouble the House any further with reference to sugar. Nor need I refer to wall-paper, for I dare say that hon. gentlemen know that the wall-paper people are by no means pleased with the change from specific to ad valorem. Now, Sir, if these statements are true at all—and I do not think we have any right to assume that these gentlemen have not made a fair representation of their business—is it open to argument that they have not been charged the full extent of the tariff permits.

#### PRICES IN ENGLAND AND CANADA.

I have some evidence here, which I will venture to give to the House, which goes to establish that very clearly. I asked two of the leading wholesale merchants in Toronto to give me a statement as to the relative cost of goods made in Canada and purchased at the factory, and the cost of similar goods purchased or purchasable in England or Scotland, and I will give the House the figures, with the difference in cost:

Articles.	Price at Canadian mills.	Price in England or Scotland.	Difference.
	\$ cts.	\$ cts.	p. c.
34 to 36-inch dyed silesia.....	0 06	0 04½	33
40-inch printed do .....	0 08½	0 06	45
Oxford shirtings .....	0 07½	0 05	45
Prints.....	0 06½	0 05	35
do another kind.....	0 08½	0 06	37
Flannellettes.....	0 08	0 06	33
Averages .....	0 45½	0 32½	41

Mr. BOYLE. The old tariff was 32½ per cent.

Mr. McCARTHY. I am not speaking of silesias only, but of cotton goods generally, on which the old tariff was specific and ad valorem.

Mr. BOYLE. No, Sir.

Mr. McCARTHY. Well, I am only giving the figures which I got from merchants in whom I have the fullest confidence. I obtained them from two sources.

Mr. WALLACE. The hon. gentleman is quoting the 32½ per cent class.

Mr. McCARTHY. I am quoting these articles. I do not carry the tariff in my head. All I can say is, that these are the statements which have been given to me.

Mr. BOYLE. Somebody has misled the hon. gentleman.

Mr. McCARTHY. The hon. gentleman may say so. All I can say is that I have had these statements from gentlemen in the city of Toronto in whom I place the highest trust, and who, I am satisfied, would not deliberately deceive me. I have a similar statement from similar sources with reference to woolen goods, which is as follows:—

Articles.	Cost at Canadian mills.	Cost in England or Scotland.	Difference.
	\$ cts.	\$ cts.	p. c.
Tweeds, ¾-yard wide .....	0 25	0 19	31
do another kind .....	0 50	0 32	53
do do .....	0 60	0 42	42
do do .....	0 65	0 54	20
Serge, 27-inch .....	0 18	0 09	100
do 54 do .....	1 40	1 05	33
Ladies' box-cloth, 54-inch ....	0 80	0 64	25
Tweed ulstering, 54 do .....	0 65	0 60	8
Wove overcoat lining, 54-inch.	0 70	0 56	25
Average .....			32

#### PRICES IN UNITED STATES AND CANADA.

Here are some articles, of which I give the prices at the Canadian mills and the prices at the American mills, with the difference:

Articles.	Cost at Canadian mills.	Cost at American mills.	Difference.
	\$ cts.	\$ cts.	p. c.
Wool carpet .....	0 65	0 47½	39½
Union do .....	0 26	0 18½	46
Another kind .....	0 91	0 66	38
Table oilcloth.....	2 10	1 75	28
Low grade blankets .....	0 25	0 16	56

These are figures with reference to the actual cost of these goods under the late tariff. But, Sir, it always seemed to me an extraordinary thing that gentlemen should pretend that it was necessary to keep up a 35 or 40 per cent tariff and at the same time claim that the cost of goods was less here than in the foreign market. The tariff is imposed, not for revenue purposes—that is frankly admitted; it is a tariff for protective purposes, which incidentally gives us a revenue. Well, Sir, the height of that tariff can only be justified or maintained or defended on the ground that it is essential, in order to keep the home market for the Canadian manufacturer. So, Sir, I will assume that the price under the old tariff has been in the neighbourhood of what I have mentioned, and that the price under the new tariff will be just as high as the tariff per-

mits. What is the result of it all? We have had the returns from the census trotted out again. They formed a table in the Finance Minister's Budget speech of last year, and they are repeated this year. We have to take these returns and make the best of them, and I propose to deal with them and just see what they amount to.

#### CENSUS OF 1891.

In the first place, we were told that the increased number of employees in the decade was 112,000. We were told that the total number of those engaged in manufacturing industries was 367,000. When the further census returns came down, we were astonished to find that instead of 367,000 people being occupied in manufacturing pursuits, there were but 320,000, and the difference is explained in the preface to the last volume of the census which has been issued, in this way. Many of those who are employed by the manufacturers are merely temporarily employed, and although they are returned as having been more or less engaged in these pursuits, they cannot be classed as belonging to any particular grade of operatives. But leaving that for the moment—and it is not an unreasonable explanation—let us see what this really amounts to. Is there an hon. gentleman in this House, on either side, who accepts that number of 112,000 as the legitimate increase in ten years? Is there any one of us who has had occasion to examine the census returns, who is not perfectly satisfied that whatever the cause may be—and the cause is not very far to seek—these returns for 1891, as compared with 1881, are enormously swollen. We know why that is the case. We know that the officials were paid for making the returns with reference to manufacturing establishments in 1891, and thus encouraged to make them, whereas the same officials got nothing for these returns in 1881. And I happen to know—and I daresay it is in all our experience—that many places and industries have been returned as manufacturing establishments, coming under the head of manufacturing industries, which have no pretension to the same, and which, if it were only known, would cover the return with well deserved ridicule. Wherever I have gone I had only to read that return to invoke from the people I have addressed—and I have addressed a number of meetings during Parliamentary recess—the most derisive laughter. There was not any place that I went to, and where I just read from an official return of the number of manufacturing establishments—

Mr. MONTAGUE. Has the hon. gentleman compared it with the schedules used in other countries in taking the census?

Mr. McCARTHY. I have.

Mr. MONTAGUE. Was the comparison favourable to Canada?

Mr. McCARTHY. I do not know exactly what the hon. gentleman means by the comparison.

Mr. MONTAGUE. The hon. gentleman objects to the number of industries mentioned in the census, and the number of those who are called employees of those industries. What I asked is whether, in the taking of the census in other countries, those same industries are not included, and whether even other industries are not included, which are not comprised in the Canadian census?

Mr. McCARTHY. I think the hon. gentleman must have misunderstood me.

Mr. MONTAGUE. Not at all.

Mr. McCARTHY. If the hon. gentleman will allow me, I was speaking of the census of 1881 as compared with that of 1891. I was asking, as a fact, whether there had been an increase and whether we could rely upon the figures of the census. The object of a census is to enable us to see how we are getting on, and if the census had been taken in 1881 in the same accurate way, and if the same inducements had been held out to the officials taking that census as were held out to those who took the census of 1891, there would be no reason, so far as I know, from discrediting—however valueless for other purposes—the comparison I have instituted.

Mr. MONTAGUE. Is there any difference between the schedules of 1881 and 1891?

Mr. McCARTHY. There is no difference in the scheme. Surely the hon. gentleman must understand what I say.

#### EMPLOYEES GREATLY EXAGGERATED.

He must know perfectly well that those figures do not accurately represent but vastly exaggerate the numbers in connection with manufacturing interests in the different communities. Why, in my own town of Barrie, there are put down 62 industrial establishments with 196 employees, and I declare you could not find 10, in the ordinary acceptance of the term. Milliners and dress-makers are included.

Mr. MONTAGUE. Why should you not include these?

Mr. McCARTHY. Would the hon. gentleman not mind interrupting? He is there, no doubt, to speak. He will have the opportunity to reply. He is the spokesman of the party, and has a good opportunity allowed him. I say that, compared with 1881, the census returns of 1891 are practically valueless. That is all I say, and it is not unnatural. You pay a man for making a return and he will be careful to omit nothing. But if he is not paid, it is quite possible he will not take the trouble of

making the inquiry. And some curious results we have in the census. For instance, in Stratford there is an increase of 61 establishments and 1,515 employees, and the whole increase in the population is 1,262. So that although 1,500 people are engaged in the manufacturing industries there more than were engaged in 1881, the population has actually decreased by nearly 300. In St. Mary's, a place where I had the honour of addressing a meeting, I found there was an increase of 9 establishments, according to the official document, and an increase of 17 employees, but the increase in the population was one. So that these 17 men had apparently driven 16 away, and one alone had taken the place of the others who had gone. In Port Hope the increase of employees was 56, and the decrease in the population 543. In Ingersoll the increase in the official document of employees was one, and the decrease in population 127. In Strathroy there is an increase of 28 in the census, and a decrease of 511 in the population. But take London, where there has been a considerable increase of population, and take Kingston, where there has also been an increase of population. The official document shows an increase of 1,199 in the number of employees in Kingston, and 1,128 in London, and an increase of 214 manufacturing establishments in Kingston and 433 in London.

#### RECEIVED WITH LAUGHTER.

There is no use in my wrangling with the hon. gentlemen. The people of Kingston know if that increase exists. I had the honour of addressing a meeting there, and when I mentioned these figures it was merely to bring a laugh and to show that the people placed no value in them. Let us see now what is the result of it all. I take the occupations of the people, and these are more likely to be accurate than are the returns of the manufacturing industries. No doubt each man has returned his own occupation. The manufacturers have returned—I do not know with that care—the number of people employed by them. I see it is not stated in our census, as in the American table, "the average number of employees," but it is stated "the number of employees." Whether that is by design or accident I am not prepared to say. But taking the number, what do we find? We find in the agricultural, mining and fishing classes there are 790,210, or 47·6 per cent of the total number of people who have occupations in this country. We find those engaged in trade and transportation number 186,695, or 11·2 per cent; those engaged in domestic and personal service, 246,183, or 14·9 per cent; those engaged in professional avocations, 63,280, or 3·8 per cent, and those who are classed amongst the non-producers, 52,986, or 3·2 per cent. We thus account for 81·7 per cent of the peo-

ple of this country, none of whom are to be attributed to the manufacturing industries. There remain, however, a balance of the manufacturing industries of somewhere near 19 per cent. But, Sir, from that number we have to take a very considerable proportion. I do not think that any hon. gentleman will claim that carpenters and joiners—though they may be manufacturers; I am not finding fault with the classification—are to be counted among those whose employment in Canada is dependent upon the National Policy. In considering this question of the fiscal policy these classes must be excluded, as also must the saw and planing-mill men, the ship and boat builders, the coopers, the boot makers, the marble and stone cutters, the masons, the painters and glaziers, the plasterers, the blacksmiths, the dressmakers and people of that kind. We do not have any more blacksmiths by reason of the National Policy. If we had a revenue tariff no man would think of crossing the border to get his horse shod by an American blacksmith. No man thinks of going across the line to employ people in any of the industries that I have named.

#### PERCENTAGE OF EMPLOYEES.

We had these people with us before the National Policy came in, and we will have them long after it becomes a thing of the past. Well, deducting these—and I do deduct them—from the 19 per cent, from the 320,000 which are put down to manufacture and mechanical industries, we have a balance of 144,000, which is somewhere about 8 or 9 per cent. I think that is too much, but 8 or 9 per cent is certainly the outside number that can be put down properly or fairly as those engaged in manufacturing industries that are dependent in any shape or form upon the National Policy. This is not 8 per cent of the total population, but 8 per cent of those who have occupations. Now, Sir, let us see whether these figures are borne out, because I have endeavoured to test them in other ways. I have taken the number of employees in the following industries—cotton mills, woollen mills, agricultural implements, rolling mills, foundries, sugar refineries, cabinet and furniture shops, and boot and shoe manufactories. The number engaged in these industries in 1881 was 48,077, and the number in 1891 was 60,037, an increase of 24 per cent. The output of these industries in 1881 was \$59,162,000, and in 1891 the amount was \$86,000,000. These are the principal industries that we must put down to the credit of the so-called National Policy. So we have an increase of 24 per cent in these during the decade. And now let me compare that with the table which the Finance Minister has given us where the total increase of the number employed is 44 per cent, being from 259,000 to 367,000, or 112,000. I have here a table taken partly from answers

given in the House last session and partly supplied by Mr. Johnson, the Dominion statistician, the tables being ready, but not yet published :

Articles.	Employees.		Increase.	Product.	
	1881.	1891.		1881.	1891.
Cotton .....	3,527	8,093	4,506 = 127%	\$ 3,759,412	\$ 8,451,724
Woollen.....	6,877	7,470	593 = 8 5/8%	8,113,055	8,441,071
Agricultural implements.....	3,656	3,887	231 = 6 3/8%	4,405,397	7,494,624
Rolling mills.....	699	831	132 = 18 8/9%	1,026,900	1,750,000
Foundries and machine shops.....	7,789	12,604	4,815 = 61%	8,863,957	16,031,515
Sugar.....	723	1,927	1,204 = 166%	9,627,000	17,127,100
Cabinet and furniture.....	5,857	7,180	1,323 = 22 5/8%	5,471,742	7,706,093
Boots and shoes.....	18,949	18,050	.....	17,895,903	19,020,381
Total.....	48,077	60,037	.....	59,162,366	86,021,508

Increase of hands, 24 8/9%; increase of product, 45 3/8%.

Now, if that is not a fair citation from these returns I do not know what can be, and the result is that, while the increase in number of people employed in the occupations of the country generally was 44 per cent, the increase in these occupations affected by the National Policy was only 24 per cent.

Mr. TAYLOR. I would like to ask the hon. gentleman one question. I know he does not want to misrepresent the case. Did I understand him to say that he had taken from the list of the occupations affected by the National Policy that of the blacksmiths?

Mr. McCARTHY. I have deducted the blacksmiths from the 320,000 who, according to the census are engaged in manufacturing and mechanical employments. No doubt blacksmiths are included in some of these industries affected by the National Policy. But it is impossible to be very precise or accurate in such general statements as these.

Mr. TAYLOR. I just want to say that I know of two industries in the town of Gananoque, each employing forty men, who are blacksmiths, and who were engaged there since the National Policy came into force—that is in the industry of carriage building. They are all put down as blacksmiths.

Mr. McCARTHY. No doubt there are such cases. In such statements as I am making, it is impossible to do more than approximate. I have taken these cases because I think that the far and away the greater proportion of them are not engaged in occupations that are in any way due to the National Policy. Deductions would have to be made on either side, and these, I think, will balance each other.

Sir RICHARD CARTWRIGHT. There are the butchers and bakers whom you did not mention.

Mr. McCARTHY. I may not have read them, but they are included in the figures I have given—there are 20,000 of the classes named by the hon. gentleman. Now, we are told that the effect of the change of policy would be to drive out not merely the 112,000 I have referred to, but the 320,000 employed in manufacturing and mechanical pursuits. That is the argument that has been used in the campaign which the Ministers carried on during the summer, and that argument has been more or less used during this debate.

#### ONLY 10 PER CENT BENEFITED.

I have only to state, Sir, with regard to that—and every hon. gentleman can judge for himself whether my estimates are correct—that I believe the figures I have given will show that the number dependent upon the National Policy in the sense referred to by hon. gentlemen does not exceed 8 per cent of the people who have occupations. Call it 10 per cent—and that will take in the forty men working as blacksmiths in the carriage industries in Gananoque—and let us see what is the practical meaning of it all. Let us see what it costs the consuming classes of this country to keep this 10 per cent of people employed here in Canada—for surely that is the practical way of looking at it. The Finance Minister admits that there is a tendency in a protective policy to increase the price of protected articles. He states that later there is a tendency to reduction, but this, so far, I think, has not been realized here. The hon. gentleman from East York (Mr. Maclean), who gave the House an essay on protection, also tells us very candidly that there are disadvantages, that there are disagreeable incidents to this protective system. His argument is that the advantages

outweigh the disadvantages. I want to look at it from the same practical point of view. If we can afford to subsidize these manufacturers and their employees, and if the result of that is beneficial to us all, why let us continue the policy; but if, on the contrary, the advantages far outweigh the disadvantages, if it can be demonstrated to almost a mathematical certainty that the consuming masses of this country suffer more disadvantages than advantages, then let us change the policy. I have enumerated some of those consuming masses. An hon. gentleman who preceded me this evening thought the consumer was a man who did nothing but consume. But, Sir, the consuming people of this country, in the sense in which the term is used, are those who are just as actively engaged in their respective walks of life, and are bound to work as hard, as the manufacturing classes, and what they are beginning to realize is that they have got to pay for the support of the latter and they cannot much longer afford to do it. Now, what is the result of all this policy? We are told that the output of these manufacturing industries is something incredible, that four hundred and seventy-five millions per annum is the actual output according to the census returns. Well, if that is the figure of all those engaged in mechanical and industrial pursuits, and if the deduction which I have mentioned is proper to be made, we must correspondingly reduce the output. As I have already indicated, for the purpose of testing my figures, I take the increase in the output of those leading industries, and the increase of this output during that period is 45 per cent. Among those industries are cottons, woollens, agricultural implements, rolling mills, foundries, sugar, cabinet furniture, boots and shoes. Now, the total increase in the output according to the census returns is no less than 53 per cent. It is quite evident, therefore, that the whole of that figure cannot be attributable to the National Policy, and if it cannot be attributable to the National Policy, to what else is it fair to attribute it? Now, last session I took a great deal of trouble to analyze the table of 1881 which we have. I divided the industries which are shown in that table into those which are dependent upon the policy of protection more or less, because we have had these industries long before there was any thought of protection in this country in the sense in which we understand the term now. But, putting it down in that way, I arrive at the conclusion that the product of those who are dependent in the sense I have spoken of, amounts to one hundred and sixty-five million dollars out of the total of that period.

#### OUTPUT OF MANUFACTURES.

Adding to that one hundred and sixty-five millions the 45 per cent which the figures I have mentioned with regard to these lead-

ing industries show, and we have a total output of two hundred and forty-one millions. Now, the practical question which I desire to impress upon the House is this: If there are two hundred and forty-one million dollars worth of goods manufactured in Canada, and if these manufactures are dependent upon the National Policy, how much of that two hundred and forty-one millions are the people of this country paying more than they would under a system of free trade? That is the disadvantage which all admit is attributable to the National Policy. The advantages are, the increase of population, the diversification of industries, and the home market for the farmer. I have stated about the figure to which I attribute any increase of population, and I now come to the disadvantages. Well, according to these figures with which I have already troubled the House, and if the tariff itself does not woefully mislead us, it is not too much to say that the increase in the prices of these goods has been, is, and will continue to be, under the changed tariff, in the neighbourhood of 35 per cent. Now, it is only fair to say that it does not apply to all of them. For instance, I have made a calculation that that increase does not apply to sugar, because the sugar is enhanced in price to the people of this country to the extent of about 10 per cent as compared with the English sugar. But, speaking of the bulk of the manufactured goods in Canada, and I speak after giving the subject the very best consideration in my power, and after making every inquiry, the enhanced cost to the people of this country is not short of 35 per cent, and sometimes it has been much more. I gave illustrations in woollen goods, and I gave illustrations in cotton goods; and I judge the bulk from these illustrations.

#### TAXES PAID TO MANUFACTURERS.

So that, according to the statement made last session, a statement which I understand the hon. gentleman for South Oxford substantially corroborates this session—and the statement was made, I think, by the hon. member for Prince Edward Island (Mr. Davies)—it is not too much to put down that for twenty million dollars we pay into the Treasury, the people of this country are paying fifty or sixty million dollars more into the pockets of the manufacturers. Now, I do not want to be misunderstood as saying that the manufacturers are pocketing these enormous profits; I do not want to be understood that these fifty million dollars are being transferred from the pockets of the consumers to the pockets of the manufacturers as pure profit. I accept the statement made by the hon. gentleman who preceded me this evening, that our manufacturers cannot manufacture at the same cost they can in other countries. My hon. friend from East Hastings

(Mr. Northrup) pictured to us to-night, evidently from figures furnished to him by authority, the position of the woollen manufacturer. First, there was the increased cost of the capital; secondly, there was the increased cost added to the machinery of no less than 90 per cent, \$100,000 to \$160,000; then there was the increased cost of the raw material, and of having to store it; these were the various and enormous disadvantages under which he told us the manufacturers of this country labour. All the same, what boots it to the consumer why it is, if in fact and in truth the people of this country are being bled to the extent of more than two and a half dollars for every one dollar which they pay into the treasury? Now, that these are important matters no one will doubt. I have no desire here to injure any manufacturer. On the contrary, my anxiety and hope will be that with the start they have had, with the fifteen years during which they have enjoyed protection, they will be able to prosper when this tariff is changed, as I am confident it is going to be changed, and that before very long. But we have, and we may as well realize it, an enormous force to contend with here. I was astonished on reading a work the other day to find it stated by a competent authority that protection would never have been changed in England if it had not been for the Irish famine. If it had not been that the people were starving, and, therefore, could be aroused on the question of the increased cost of the means of subsistence, such was the strength of the manufacturing industries, and of those forces gathered around them, that the policy would not have been changed. And we have the same battle to fight here.

#### A FORMIDABLE FIGHT AHEAD.

It is a contest which is perhaps not so formidable as on the other side of the line, but still there is this formidable element that the consuming people have to fight. What has happened since this change was proposed, only a fortnight ago? The railway trains have been borne down with deputations of manufacturers coming here to protest against these decreases proposed, light as they are, and I do not know what is yet in store in committee; while the 48 per cent of the population, comprising farmers, miners, and fishermen, have no organization, no means of appearing here before the Cabinet Ministers to plead their cause. It is true they were interviewed in the summer; but what was the motive of those interviews? They were asked whether they wanted protection on corn, ham, pork, oats, and wheat. They were not asked the question, whether they desired to pay protective prices on the particular goods they consumed. They were told that they were not expected to make free trade speeches or go into the general question, but they were asked whether they

wanted protection on their own particular industry. Naturally, each man said, I want protection. Some of them tried to say, but they were choked off, that they would rather have no protection, but free trade markets all round, but they were told that was not the subject of investigation and discussion by and between them and the Controllers, that the question was: Do you want protection against American corn, pork and wheat? So the bulk of the people, 50 per cent if you add the domestic classes and the professional classes, have no organization which can appeal to the Ministers to change the tariff, while the voices of the manufacturers are heard in the land.

#### FARMERS AT LAST AROUSED.

I am glad to observe that at last the farmers, at all events, have been aroused, that at last they have taken to themselves, throughout the province from which I come, the duty of organizing in their own interests, and I mistake if most of the farmers in this country are not to-day studying political economy, and with the results which will be evident at the coming elections. No other possible way was open. The Finance Minister was astonished. He said that for years the charge had been wrung through the country that the tariff was legalized robbery. But the hon. gentleman pointed to the result of the elections in 1881, in 1887, and in 1891, and said, How is it possible that the people would again return the Government if legalized robbery was being perpetrated. It was a fair argument, and an argument which has to be met and which I am not afraid to answer. The answer is a plain one. Of all the people in Canada, of all the people I know, I think the Ontario farmer is probably the best party man. He is not very anxious to find out exactly his position or his rights, but he is anxious to see that his party is up and the other party down, and the man on the concession lines is as proud of his party allegiance as the Duke of Devonshire was to belong to the Whigs, or the Marquis of Salisbury is to belong to the Tories.

#### ENDURANCE AT AN END.

But endurance has ceased to be a virtue. They have realized at last that the interests of one class of the community were all paramount, and were commending and controlling the destinies of the country, and they have not failed, as I firmly believe, to grasp the necessity of looking after their own interests, and I hope in that I am not going to be mistaken. Let me read to the House the view of some farmers of the North-west who have sent me from the constituency of the hon. Minister of the Interior, the resolutions of a meeting held on April 6th. The letter is from Mr. D. S. Wilson, and is addressed to myself. It is as follows:—

BRANDON, MAN., April 6th, 1894.

DEAR SIR,—A committee which was appointed to attend to the matter by the farmers of Brandon County met yesterday and adopted the enclosed resolution, and I was instructed to forward it to you and request you to see that it was brought up in the House of Commons. A copy of the resolution has been sent to the Hon. T. M. Daly.

I have the honour to be, sir,  
Your obedient servant,  
(Signed) D. F. WILSON.

DALTON MCCARTHY Esq.,  
House of Commons,  
Ottawa.

(Resolution.)

BRANDON, MAN., April 6th, 1894.

#### FARMERS MEETING.

At a meeting of the Executive of the Farmers' Association of Brandon County, held in the City Hall, Brandon, on Thursday, April 6th, Mr. John Leech in the chair, the following resolution was adopted:—

Moved by Samuel Honnor, seconded by W. Postlewaite, that we a committee of the Farmers' Association of the county of Brandon, who memorialized the Federal Government a year ago for alterations in the tariff to aid the development of agriculture in the Canadian North-west, express with great regret our feeling of dissatisfaction with the insufficiency of the reductions recently made.

We feel that with the increase of competition in our natural markets from countries that can produce with greater facility than we can, agriculture must become an absolute failure in this country unless the restrictions that affect the cost of production and transport to our natural markets are greatly reduced.

We therefore repeat for the earnest consideration of the representatives of the people in Parliament the spirit of our memorial of a year ago.

1st. That the abolition of the duty on lumber be complete and embrace all kinds of dressed material: a removal of duties on rough lumber alone which cannot be imported under any circumstances will be of no benefit whatever to the country.

2nd. With the duties reduced on raw materials and the American markets thrown open we feel the Canadian manufacturers of agricultural implements are in position to compete even handed at home, as they have always been abroad without further protection. Further trade restrictions in their interests is only continuing the unbearable burdens on the struggling settlers of the North-west and the agriculturists of the whole of Canada which must speedily end in complete disaster.

3rd. We regret that the duties on coal oil and binding twine remain as before; two articles of extensive consumption in the North-west, and we are fully convinced that the benefits arising to the country through their production are in no way commensurate to the loss entailed upon the many consumers.

4th. That as the representatives of the Government, the Hon. Messrs. Foster and Angers when in the North-west last year strongly recommended the farmers to go into mixed farming; we do not

think it consistent with their advice that there should be any duty on fence wire, which is one of the essentials to mixed farming.

We therefore protest against the insufficiency of the modification already announced and repeat the spirit of our former memorial: that the duties on coal oil, binding twine, fence wire and dressed lumber be entirely abolished, and that those on farm implements be reduced to at least 10 per cent. This we feel to make agriculture even moderately profitable in this country must be done, and nothing else can give satisfaction to the settlers of the Canadian North-west. We also feel that everything that can be done should be done by the Government to reduce the extortionate railway rates to and from this country which are heavily discriminating against the successful settlement and development of our great North-west.

(Signed) D. F. WILSON, Sec'y.

That, Sir, is the view of the farmers in a constituency represented here by a Minister of the Crown.

Mr. DALY. Good Grits, too.

Mr. MCCARTHY. The hon. gentleman says "good Grits." I do not know whether they are good Grits or good Tories, but I suppose they have a right to express their sentiments and to protest against the changes that are proposed to be made. This subject is one which I cannot hope to cover in the time that I would be warranted in occupying the attention of the House. I can only say, that I have gone through separately, as well as in the aggregate, these various industries, and if I may be allowed to trespass just for a few moments longer, let me give them in detail, and then we will be able as well to realize as in the aggregate, the result of these particular industries. With regard to my old favourite the cotton industries; it forms a ready illustration, because as we know the raw material is free. Of all the manufacturing industries in this country they stand I think the best chance of manufacturing at a low cost.

#### TAXES ON COTTONS.

What is the result of the cotton industries of this country, and what is its value to us? The output is said to be \$8,451,724. If my figures are right that the enhanced cost of this output is at the rate of 35 per cent; we have of that \$8,451,724 to pay the sum of \$2,197,447. Now, what is the corresponding benefit, because if they cannot be justified in detail they cannot be justified at all. My constituents want to know what benefit they get from the cotton industries of this country. They want to know where are their large markets, and where their increased prices come in? The Government says: I must try and tell them that they must not be narrow, they must remember this great broad Dominion, they must remember that they are citizens of Canada and not merely of the North Riding of Simcoe, and if they find that these indus-

tries are promoting results of a beneficial character elsewhere they ought to be satisfied even if they cost them a little. They naturally ask: what does it cost them? I find it costs them \$2,197,447, and what is the benefit? We are told: Oh, the wages that are paid. Let us see how much that is. The wages amount to \$2,102,000, so that we are paying over \$2,197,000 in order that the cotton manufacturers may pay their employees \$2,102,000; in other words we are paying the whole cost of the establishment. That is what it comes to, and we get nothing for it. On the same product of cotton goods, at a 17½ per cent tariff there would be over \$1,000,000 coming into the treasury, but nothing comes into the treasury now. Raw material is free, raw material is still to be made more free if possible; the duty is to be piled upon the manufactured article. The raw material goes to the benefit of the manufacturers; the increased duty enhances the price to the consumers, but say hon. gentlemen: we have taken the tax off sugar, we have taken the tax off bill stamps, we have taken the tax off tea. That is the argument of the Government. Why, Sir, the figures I have already mentioned show that the taxes have not been taken off. They have been shifted. We do not pay it on sugar, or on tea, or on bill stamps, but our taxes are all the same, and they have been increasing.

#### TAXATION GREATER THAN WAGES.

We are paying the tax and we are paying an additional price as well, and I have shown that taking the cotton industries for an example, we pay more in additional prices than the total amount paid out to the employees, according to the returns which the manufacturers made. Let me give the House the woollen industries on the same basis. It is not disputed that the woollen industries charge the full figure of 35 per cent. It is justified on the ground stated by my hon. friend from East Hastings (Mr. Northrup) this afternoon: that they cannot possibly get on at less, and we have been told that the result of the change from specific to ad valorem (the tariff still being 35 per cent), that several of these woollen industries will have to close. The result of our protection to the woollen industries is that the wages come to \$1,941,000, and the additional cost to the people amounts to \$2,194,000; and you take it through the whole of these different industries and you get no more satisfaction. Then, Sir, see the enormous possibility of doing injustice. Take even the manufacturing industries. On what ground can the Minister of Finance justify leaving the agricultural implement manufacturer with only 20 per cent protection, with a large portion of his raw material subject to a duty of from 40 to 50 per cent, when the adjoining manufacturer gets his raw material free and has a protection of 35 per cent. On what ground can you justify giving the raw material free to one class of manufacturer, and putting the raw material of the

farmer at a duty bearing from 20 to 35 per cent. It cannot be justified. With every intention on the part of the Government to do what is fair and right, it is impossible for them to do so, because the raw product to one man is the finished article of the other man. Its very injustice calls upon this House for redress.

#### NO MORALITY IN PROTECTION.

There is no morality, says the hon. member for East York (Mr. Maclean), in the protective system. Morality is out of the question, he says, and I quite agree with him. It is an enlightened selfishness, that is the key note of such a policy. An enlightened selfishness; well, I do not know whether those who are suffering from this selfishness very much appreciate that kind of thing.

Mr. MACLEAN (York). They voted for it.

Mr. McCARTHY. Well, they will not do it another time I am inclined to think.

Mr. MACLEAN (York). Yes, they will.

Mr. McCARTHY. Perhaps so, we will see; there is no use prophesying but we will see. All I can say is, that as far as I can see, the man who can justify the inequalities necessarily incident to this protective system cannot be actuated by any sense of morality, as the hon. member for East York (Mr. Maclean) tell us. That hon. gentleman sweeps away with a wave of his tongue all the political economy of the age. He utterly repudiates and laughs to scorn, from Adam Smith to John Stuart Mill, these ignorant, short-sighted, benighted men; these men whose teachings are to be found in every college of the country, in every course, in every curriculum.

#### NEW GOSPEL FROM EAST YORK.

We are told by the hon. member for East York (Mr. Maclean), not in a breeze of enthusiasm, but in a cold-blooded, deliberate document, read and prepared for the House; that these men did not know what they were talking about, were treating of the subject when the world was very young and under conditions which were so small and so limited that their conclusions were lame and impotent. Well, it may be so. I have had the honour of living in the same city as the hon. member for many years. I have known and heard of him, and undoubtedly he has a reputation; but I declare to you, Sir, I never heard that he had a reputation which entitled him to slay, at one foul breath, all the political economists of the century. It is, I think the gem of the debate. We have had a very long debate and perhaps not a very interesting or a very great one; but of all the subjects dealt with, I think this one, dealt with by the hon. member for East York, and his manner of dealing with it,

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deserves the special attention of the House and of the country. That this hon. gentleman should undertake, in this summary way, to dispose of all that we have been taught, all we have been brought up to believe in, all we have ever recognized as correct political economy, is, to me, a marvel, to say the least of it.

Mr. MACLEAN (York). You did the same, years ago.

Mr. MCCARTHY. Now, Sir, in the former discussions on this subject, which took place years and years ago, there was one extract from this writer on political economy, the late Mr. J. Stuart Mill, who is not to be heard—this is the last time he is to be mentioned in this House—an extract which we were very fond of quoting. I will read it again, although, in doing so, I shall perhaps incur the censure of the hon. member for East York:

The only case in which, on mere principles of political economy, protecting duties can be defensible, is when they are imposed temporarily (especially in a young and rising nation) in hopes of naturalizing a foreign industry, in itself perfectly suitable to the circumstances of the country. The superiority of one country over another in a branch of production often only arises from having begun it sooner. There may be no inherent advantage on one part or disadvantage on the other, but only a present superiority of acquired skill and experience. A country which has this skill and experience yet to acquire may in other respects be better adapted to the production than those which were earlier in the field: and besides, it is a remark of Mr. Rae, that nothing has a greater tendency to promote improvements in any branch of production than its trial under a new set of conditions. But it cannot be expected that individuals should at their own risk, or rather to their certain loss, introduce a new manufacture and bear the burden of carrying it on until the producers have been educated up to the level of those with whom the processes are traditional. A protective duty, continued for a reasonable time, will sometimes be of the least inconvenient mode in which the nation can tax itself for the support of such an experiment. But the protectionism should be confined to cases in which there is good ground of assurance that the industry which it fosters will after a time be able to dispense with it; nor should the domestic producers ever be allowed to expect that it will be continued to them beyond the time necessary for a fair trial of what they are capable of accomplishing.

Mr. MACLEAN (York). It is a question of time alone.

Mr. MILLS (Bothwell). And during that time there is a loss.

Mr. FERGUSON (Leeds). What is twelve years in the lifetime of a nation?

Mr. MCCARTHY. Well, I am going to answer each question put to me, and I will answer my hon. friend from Leeds first. What is twelve years in the life of a nation? I ask the hon. gentleman what in the world

has the lifetime of a nation to do with it? You establish a business, you give a man capital, you give him an opportunity of acquiring skill and employing men; he manufactures and prospers, and dies. What has that to do with the lifetime of a nation?

Mr. FERGUSON (Leeds). A great deal to do with it. A nation is only an aggregate of the individuals.

Mr. MCCARTHY. If you have enabled that man to acquire skill, if you have enabled him to surround himself with competent assistance, surely you have done all you can be expected to do. You talk of a manufacturer inheriting these things. He does nothing of the kind; he becomes a manufacturer because he has served his apprenticeship to it; and no person would pretend to say, anywhere except in politics, that more than a few short years would be necessary for any industry to establish itself so as to be able to compete with the other industries of the world. I put it to my hon. friend, What does he say of the United States?

#### PROTECTION IN UNITED STATES.

It has been proved to-night that they have had protection for a hundred years, except in one or two solitary industries, and have had enormous wealth and mechanical skill; and what is the result? Why, in the industry that has been the most prosperous in that country—the steel rail industry—they have been charging, up to this moment, \$8 a ton more than free trade manufacturers.

Mr. HAGGART. They are selling them in Belgium and England to-day.

Mr. MCCARTHY. I do not say that they are not selling them in Belgium and England to-day, whatever that very intelligent observation means. I wonder if it is true that the hon. gentleman is speaking without his coach. I see the gentleman sitting near him who coached him for the great Budget speech that he delivered, but who, we are told, was terribly mortified at the poor delivery. It fell far short of the rehearsal; and the proof positive of it was that the hon. gentleman had introduced quotations from Shakespeare, which was possible; also quotations from Sir Walter Scott, which I could even credit; but it was added that he also quoted from the Bible, and that was taken as proof positive that the hon. and reverend doctor, who sits near him, was the creator of the speech. So, Sir, when the hon. gentleman interrupts again, let him do it with a little more intelligence, because no person contended that England was not selling steel rails, or Belgium either.

Mr. HAGGART. The hon. gentleman mistook my observation altogether. I say that the United States manufacturers in Alabama are selling them in Belgium and England.

Mr. McCARTHY. The hon. gentleman may have meant that, but I think the House will agree with me that he did not say it. I have given the hon. gentleman the prices of steel rails in the United States in the year 1893, quoting from the official returns; I have given the prices in England; and I have shown the difference between the two; and I want to know how it is possible that in the largest industry in the United States—an industry in which their production has outstripped the production of the mother country itself—they are not able to compete with the mother country.

Mr. WHITE (Cardwell). Perhaps the hon. gentleman will allow me to state that the price of steel rails in England is £3 15s. per ton at the mills, while steel rails from Pittsburgh can be laid down in Montreal at \$20 per ton.

Mr. McCARTHY. The hon. gentleman says so, and I am quite willing to suppose that he is speaking by the book. But I will refer to a debate that took place in Congress on the 10th of last January on this subject, and I will give the figures then mentioned.

Mr. WOOD (Brockville). That is not an authority.

#### FIGURES AS TO STEEL RAILS.

Mr. McCARTHY. This is the Statistical Abstract of the United States for the year 1893, sixteenth number. I do not know where you are to get better authority. I find here that the average price of domestic pig iron, rolled bar iron, iron, and steel rails, per ton of 2,240 pounds, cut nails, per keg, for each year from 1850 to 1893, furnished by the American Steel Association, is \$28.12, and, as the hon. member for Cardwell (Mr. White) says, the price in England was £2 15s.—I find that, in a discussion which took place in Congress on the tariff, Mr. Johnson, of Ohio, who complained of the reductions not being greater, said on this steel question:

Take steel rails, of which I happen to know something, as I am a manufacturer of steel rails. I appeal to the Democrats of the House to join me in putting steel rails on the free list. The present duty on steel rails is \$13.44 per ton, which is estimated to be equivalent to 50.44 per cent ad valorem. The committee have reduced this to 25 per cent. This seems like a great reduction. But it is only nominal, for 25 per cent is all the steel rail trust want. It is as good to them as 1,000 per cent, for it is practically a prohibitory duty.

Steel can be made here as cheaply as anywhere else in the world, and would not now be imported, save in exceptional cases, even if there were no duty; while the tendency of invention and improvement is in favour of the United States as against Europe. The steel made into rails in this country is from native ore. What pig metal, billets and blooms are imported are used entirely in other iron and steel manufactures. Now it costs less than \$2 a ton to make steel rails from blooms, including straightening and punching. On to-day's market

steel blooms are selling at less than \$17; steel rails should, therefore, not bring over \$19. They did fall nearly to that price a few weeks ago, during a temporary break in the steel rail pool. But that pool was quickly reorganized, and the price of steel rails was put up, and is now maintained at \$24 a ton; so that by virtue of the duty which keeps out foreign rails, the pool is compelling the users of steel rails to pay them 25 per cent more than a fair price.

Mr. DALZELL. Does the gentleman speak now from the attitude of a steel rail manufacturer?

Mr. JOHNSON of Ohio. I do. Our mill makes about one-thirtieth of all that are produced in the United States.

This new steel rail pool is composed of seven manufacturers, headed by Carnegie, who absolutely control the product of more than one-half of the rolled steel produced in the United States, and who have combined together to pay other large manufacturers heavy annual sums to close their works, discharge their men, and make no steel.

Now, observe, the 25 per cent duty of the committee's bill is just as good to the steel rail pool as the greater nominal duty of the existing law, and will enable the pool to keep the price up to the highest point that they deem safe.

And so on dealing with that question.

Mr. DALZELL. Is the gentleman a party to the steel rail trust?

Mr. JOHNSON of Ohio. I am not; but whether I am or not would make no difference. Outside of this Hall, as a steel manufacturer, I might be perfectly willing to enter a trust, but I will not defend trusts here.

Then he goes on, after some discussion, and he produces the trust document which exists among these seven manufacturers, and by which the price is put up to \$24, or 25 per cent beyond what he says is the fair cost of the manufactured goods. But I was not dealing with that part of the subject so much. I was drawn to it by the contradiction of the hon. gentleman. What I point out is that the experience of it all is that the price of these articles do not decrease, and that is exactly what was pointed out by the author of the book which I was reading from a moment ago. The experience everywhere is—and it is against this I desire to warn the House and the country—that the manufacturers do not decrease the prices. Why, look at the Wilson Bill, as modified in the Senate.

#### PROTECTIONISTS CRYING FOR MERCY.

These protected manufacturers in the United States, protected by a tariff of from 35 to 40 per cent—these manufacturing establishments, established for nearly a century, are crying out in the most piteous way as if they were absolutely ruined. Who has ever heard of a manufacturer saying that he had too much protection or being willing that the protection afforded him

should be reduced? So that when Professor Fawcett, whose book I am reading from, makes this statement, we can all accept it:

There is no one more ready than I am to recognize the high authority of Mr. Mill as an economist, and I will at once admit that the arguments which headvances in favour of the imposition of protection in a young country would be conclusive if there were a reasonable probability that the conditions under which he supposes that such a protective duty could be imposed would ever be realized. It will be observed in the passage above quoted that he is most careful to explain that protection can only be justified as a temporary expedient; and every word which he says in support of protection rests on the supposition, that when an industry has been fairly established the protective duty will be at once voluntarily surrendered by those who are interested in the particular industry. It is, however, incontestably shown by what has happened in the United States and other countries where protection has been long established, that it is absolutely impossible to impose a protective duty under the stipulations on which Mr. Mill so emphatically insists.

Now, this was written in a series of lectures delivered at Cambridge in 1878, fourteen years ago; and its truth is incontestably shown by what has happened in the United States and other countries highly protected.

#### PROTECTIONISTS INSATIABLE.

Whatever professions may be made by those who first asked for protection that it is only required for a limited period and that it is only needed to enable an industry to tide over the obstacles which may beset its first establishment, it is invariably found that when an industry has once been called into existence, those who are interested in it, whether as employers or employed, instead of showing any willingness as time goes on to surrender protection, cling to the security and aid which they suppose it gives their trade with increasing tenacity.

Every word of that written fourteen years ago is verified by what has been seen on the other side and is being confirmed and corroborated by what we are seeing around us to-day. Now, I have been taunted here by the hon. member for East York (Mr. Maclean) that this country is only fit for a pastoral country, that I have placed the intelligence of Canadians at the lowest possible ebb, that I have denied their ability to compete as manufacturers, and that I have scorned the possibility of this becoming a manufacturing country.

#### AGRICULTURE OUR GREAT INDUSTRY.

Sir, I have not hesitated, after giving the matter the fullest consideration, to state publicly elsewhere, and I am certainly not going to fail to state here the conclusion to which I have arrived on that subject. Sir, I believe Canada is an agricultural

country; I believe, Sir, the great industry and the natural industry of this country is agriculture; and, if we looked at the question simply from a business point of view, and cast our eye over our great Dominion, with its scattered population, its enormous territory, its abundant resources, I think it will be clear to us that what we ought to do is to promote the natural industry of the country, instead of fettering it and crippling it. I deny, Sir, that within a reasonable time we can reasonably hope to become a great manufacturing country. Hon. gentlemen sneer at that. But is it not a fact? What is the possibility? A market of five millions of people, or, as the hon. member for South Oxford very correctly described it the other evening, not a market of five millions, but, on account of the enormous distances that separate different portions of our people, a market of not more than three and a half millions, is all that we can hope for. Is there a man in this House who expects that we shall be able to create manufactures in this country that can go beyond our borders and hold their own with the established industries of England, of the United States, and other lands? Is there even a possibility that that can be accomplished? We will have manufacturing industries; we will have towns and villages dependent upon our agricultural country, and we will have those industries which are the reasonable and proper growth of the surroundings to which I have referred. And, Sir, the attempt that we are making to establish manufacturing industries with the view of selling to our own people at an enhanced price, is, to my mind, the maddest project that any country ever engaged in. I say that, Sir, with the full knowledge of responsibility in that I had something to do with establishing the National Policy; I say that, with the full knowledge of responsibility that I did, in good faith, adopt the principles of protection in the early part of my political career. But, Sir, when I consider the whole position, when I consider what the farmers have accomplished and are accomplishing without the aid of protection—

Mr. MULLOCK. In spite of it.

Mr. MCCARTHY. And in spite of it, as the hon. gentleman says; when I consider how the towns have grown to the extent that the country behind them can give them support, and that everything else is a mere fictitious growth which cannot long endure, and which must end in disaster—when I consider this, I hold that we ought to retrace our steps.

#### GIVE THE FARMERS A CHANCE.

We ought to give the farmers a chance, and not fetter them, hamper them, and destroy their resources as we have been doing in the vain hope of establishing sound industries by artificial means. I

give hon. gentlemen who surround me every credit for candour in entertaining their beliefs, and I trust they will give me credit for the same in the views I hold. I do not say we can have no towns. Let me give an example. What town is growing better to-day than Winnipeg? It has passed the period of depression incident to its boom, and it now grows just as the country behind it grows; and will anybody say that the progress of Winnipeg is in any way due to manufacturing industries? What are our country towns throughout the whole Dominion dependent upon? How far do they grow, and where do they stop? They go on until they have attained sufficient development for the country upon which they are dependent, and you cannot force them beyond that. I do not mean to say that if you are successful in establishing in any particular locality a number of industries, you do not promote the prosperity of that locality. Just as the railway works in St. Thomas have increased the growth of St. Thomas in ten years, just as the works established at Stratford by the Grand Trunk Railway have helped the growth of Stratford; but these places grow to the point required by the country behind them, plus these special industries, and then stop, and you cannot put them beyond that. But what we have been doing is not with the hope—because we never had the hope, I suppose—that we should enable our cotton manufac-

turers, for instance, to compete in the open market. True, there is a little export of cotton to China. We do not know at what price it is exported. We do not know that it is sold at the same price as to the home consumer. We do not know that when Americans export to our country, they sell to us cheaper than to the home consumer, and, perhaps our export of cotton goods is made upon the same basis. The whole market of Canada consumes about \$8,000,000 worth of cotton made at home, and about \$3,000,000 or \$4,000,000 worth made outside. We import, if my memory serves me right, somewhere about half as much as we manufacture, and it is on that import that we pay the 28 per cent duty to which the hon. Minister of Finance refers. The hon. Minister knows perfectly well that the kind that is imported is the kind upon which the lowest duty is charged, and that the kind upon which the high duty is charged is practically prohibited by the duty, and is not imported at all. So, I do not mean to say that we cannot have manufacturing industries. If I read these words correctly, we are bound to have them as we had them in 1871; and as they grew from 1871 to 1881, possibly under exceptional conditions with regard to the United States, so we will have them without a protective tariff, and we would then have them without burdening the mass of consumers of this country in the way they have been burdened for the last fifteen years.